

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SOUTH)	
KENTUCKY RURAL ELECTRIC COOPERATIVE)	
CORPORATION FOR A GENERAL)	CASE NO.
ADJUSTMENT OF RATES, APPROVAL OF)	2021-00407
DEPRECIATION STUDY, AND OTHER GENERAL)	
RELIEF)	

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
TO SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION

South Kentucky Rural Electric Cooperative Corporation (South Kentucky RECC), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested is due on March 3, 2022. The Commission directs South Kentucky RECC to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

South Kentucky RECC shall make timely amendment to any prior response if South Kentucky RECC obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which South Kentucky RECC fails or refuses to furnish all or part of the requested information, South Kentucky RECC shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, South Kentucky RECC shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, Exhibit 3, Rate LP, Large Power Rate. Provide the wholesale demand charge for this class. If the wholesale demand charge is greater than the proposed, explain why South Kentucky RECC did not propose a higher demand charge.

2. Refer to the Application, Exhibit 3, Rate LP-1, Large Power Rate. Provide the wholesale demand charge for this class. If the wholesale demand charge is greater

than the proposed, explain why South Kentucky RECC did not propose a higher demand charge.

3. Refer to the Application, Exhibit 3, Rate LP-2, Large Power Rate. Provide the wholesale demand charge for this class. If the wholesale demand charge is greater than the proposed, explain why South Kentucky RECC did not propose a higher demand charge.

4. Refer to the Application, Exhibit 3, Rate LP-3, Large Power Rate. Provide the wholesale demand charge for this class. If the wholesale demand charge is greater than the proposed, explain why South Kentucky RECC did not propose a higher demand charge.

5. Refer to South Kentucky RECC's response to Commission Staff's First Request for Information (Staff's First Request), Items 23, 31, and 32. Provide the adjustment necessary to remove employer benefit contributions in excess of the Bureau of Labor Statistics' 2021 average for single and family coverage of 78 and 66 percent, respectively.²

6. Refer to South Kentucky RECC's response to Staff's First Request, Item 31. As originally requested, provide the requested information for the test period.

7. Refer to South Kentucky RECC's response to Staff's First Request, Item 53, Excel spreadsheet titled, "PSC_1-53_South_Kentucky_2020_COSS_Revised.xlsx", tab labeled "Allocation Proforma."

² Bureau of Labor Statistics, Healthcare Benefits, March 2021, Table 11, private industry workers, (<https://www.bls.gov/ncs/ebs/benefits/2021/employee-benefits-in-the-united-states-march-2021.pdf>).

- a. Refer to row 916, Distribution Demand Margin (Per kWh or Kw).

Explain what the Distribution Demand Margin represents

- b. Refer to row 921, Distribution Customer Margin (Per Customer Per

Month). Explain what the Distribution Customer Margin represents.

8. Refer to South Kentucky RECC's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 1. Provide the penalty for paying down long term debt with South Kentucky RECC's cushion of credit. Explain the original provision for the "gradual ramp down of the Cushion of Credit interest earning rate," and explain whether South Kentucky RECC evaluated the impact of the one-year variable treasury rate on its decision to maintain the cushion of credit. Provide a net present value analysis for using the cushion of credit to pay down long-term debt.

9. Refer to South Kentucky RECC's response to Staff's Second Request, Item 2(a). Explain South Kentucky's RECC's policy for writing off bad debt. If this policy changed when South Kentucky RECC changed collection providers, explain any changes.

10. Refer to South Kentucky RECC's response to Staff's Second Request, Item 8(a). Provide the "Internal Revenue Service required plan discrimination testing requirements for the R&S plan." Provide the per employee contribution rates for South Kentucky RECC's retirement and security (R&S) plan and 401(k) matching for the past ten years. Refer also to South Kentucky RECC's response to Staff's Second Request, Item 8(b). Explain how South Kentucky RECC determined that "per-employee R&S plan contribution rates were actually lower" without a formal evaluation. If any informal evaluation was performed, provide the results.

11. Refer to South Kentucky RECC's response to Staff's Second Request, Item 9(b) and the Application, Exhibit 10, WSS-4, Schedule 2.01. Provide South Kentucky RECC's 2021 salaries and wages. Provide a detailed explanation of the adjustment to annualize salaries and wages.

12. Refer to South Kentucky RECC's response to Staff's Second Request, Item 11. Explain whether the metrics provided account for regulatory exclusions.

13. Refer to South Kentucky RECC's response to Staff's Second Request, Item 17. Explain whether South Kentucky RECC ever recorded any expenses for the terminated programs. If so, provide the amount incurred in the last year of the programs.

14. Refer to South Kentucky RECC's response to Staff's Second Request, Item 24. Explain whether a Times Interest Earned Ratio of 1.2 will satisfy South Kentucky RECC's loan covenants.

15. Refer to South Kentucky RECC's response to Staff's Second Request, Item 27. For each non-recurring charge, provide an update using current data.



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DATED FEB 16 2022

cc: Parties of Record

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